



**R06024**

October 6, 2006

Rae McQuade  
NAESB, President  
1301 Fannin, Suite 2350  
Houston, TX 77002

Dear Ms. McQuade:

Attached is a request for initiation of a NAESB business practice standard as described in your September 11, 2006, memo. We were advised by one of your board members, Mr. David Koogler with Dominion Power, to submit a request.

Mr. Koogler was present when we gave our annual report to the N.C. Utilities Commission. He took note that we were challenged by one of the Commissioners to quantify more of the benefits that North Carolina and other states were enjoying as result of the work we do with energy utilization and market transformation.

Advanced Energy is an independent non-profit that was chartered by the N.C. Utilities Commission in 1980 to work with electric utilities, in part, to develop and demand side management (DSM) and energy efficiency (EE) programs. Since 1980 Advanced Energy has been doing public benefits work to enhance how North Carolina businesses and individuals use energy. Recently we have been asked to assess the statewide potential for DSM and EE.

It has been some time since these subjects have been discussed in regulatory and public settings, especially as it pertains to the need for future electricity generation. We have a long-standing relationship with utilities and appreciate their support and collaboration on many issues affecting energy utilization in our state. The Public Staff of the N.C. Utilities Commission is an ally and recently recommended that we advise the N.C. Utilities Commission as to how we would manage a statewide Public Benefits Fund specifically for DSM and EE.

Other than the west coast, the northeast or selected mid-western states, the body of knowledge about DSM and EE has grown stale. Furthermore, a lot has changed with respect to the way homes and business and industry use energy since DSM and EE were in vogue in the 80s and early 90s. Many states and other jurisdictions lack the expertise and experience to evaluate and plan new programs.

We heard that NAESB has an excellent reputation in the development of standards and felt that this area might be an area that fit NAESB's mission. Please contact me with any questions regarding our attached request.

Sincerely,

Carl L. Wilkins, P.E.  
Director, Utility Services

Attachment

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**Request for Initiation of a NAESB Standard for Electronic Business Transactions or  
Request for Enhancement of a NAESB Standard for Electronic Business Transactions**

**North American Energy Standards Board**

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction**

## **Instructions:**

- 1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.**
- 2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.**
- 3. Once completed, send your request to:**  
Rae McQuade  
NAESB, President  
1301 Fannin, Suite 2350  
Houston, TX 77002  
  
Phone: 713-356-0060  
Fax: 713-356-0067

**by either mail, fax, or to NAESB's email address, [naesb@naesb.org](mailto:naesb@naesb.org).**

**Once received, the request will be routed to the appropriate subcommittees for review.**

**Please note that submitters should provide the requests to the NAESB office in sufficient time so that the NAESB Triage Subcommittee may fully consider the request prior to taking action on it. It is preferable that the request be submitted a minimum of 3 business days prior to the Triage Subcommittee meetings. Those meeting schedules are posted on the NAESB web site at [http://www.naesb.org/monthly\\_calendar.asp](http://www.naesb.org/monthly_calendar.asp).**

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Electronic Transaction**

Date of Request: October 6, 2006

**1. Submitting Entity & Address:**

Advanced Energy  
909 Capability Dr.  
Suite 2100  
Raleigh, NC 27606-3870

**2. Contact Person, Phone #, Fax #, Electronic Mailing Address:**

Name : Carl Wilkins  
Title : Director Utility Services  
Phone : (919) 857-9008  
Fax : (919) 832-2696  
E-mail : cwilkins@advancedenergy.org

**3. Title and Description of Proposed Standard or Enhancement:**

**Title:**

**Standardized Method for Quantifying Benefits, Savings, Cost Avoidance and/or the  
Reduction in Energy Demand Derived From the Implementation of Demand Side  
Management and Energy Efficiency Programs**

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**Description:**

Efforts are underway throughout the electricity industry to develop and implement demand side management measures and techniques in order to moderate the growth for electricity. However, a standardized method for quantifying the energy and demand impact of implementing proposed demand side management techniques does not exist. Entities involved in these activities are using a wide variety of methods to estimate the benefits of these programs. As various utilities across the nation look at implementing DSM and EE measures, it is evident that results may vary depending on many factors that are localized and at the discretion of the evaluating entity. On the other hand there are fairly standardized techniques

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for evaluating and presenting the benefits and costs for a supply side option. As regulatory commissions investigate utility integrated resource plans, the development and presentation of the DSM and EE options are vigorously challenged by interveners as being incomplete, inconsistent and not treated as fairly as supply side options. Furthermore, utilities recognize the uncertainty of some proposed demand side options because they lack standardized quantitative justification which may address issues such as program persistence and other variables out of the DSM/EE program's control. DSM and EE programs often fail to pass cost effectiveness tests (RIM, UTC, PCT, etc.) because the benefit/cost data that is presented may be inaccurate or based on poor assumptions. Having a standardized method that is both recognized and understood by utilities, regulatory agencies, program administrators, consumer advocates and energy service professionals is vital. For example, the amount of energy reduction for a DSM measure in a small building can be simulated by a computer model, obtained by actual load research, using results from another similar program or estimated by engineering calculations. The benefits, costs and energy impacts from either of the aforementioned techniques can vary widely.

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4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard and required communication protocols):

The proposed standard will be used by regulatory agencies, utilities, program administrators and any entity that are involved with quantifying impacts of a DSM or energy efficiency program. This standard may become an important part of a utility's integrated resource planning process. As more electric utilities announce new base-load generation additions to their long-term resource plans, the opportunity for this proposed standard to be use becomes more evident.

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8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

N/A

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9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners:

N/A

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10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

N/A

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